the proposed scheme, for an additional fee, passports will be issued on an out-of-turn basis to eligible applicants who can be issued passports on post police verification basis provided such cases are recommended/certified by an officer not below the rank of Deputy Secretary. The Scheme would come into effect from the date of issue of the Gazette Notification which is in the process of being finalised.

(c) Yes, Sir. As it is proposed to charge an additional fee for the issue of passport under this scheme it would lead to some additional revenue to the Government.

Supply of missile by North Korea to Pak

1587. SHRI PREM CHAND GUPTA: Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether it is a fact that North Korea is providing Pakistan with a long range modern missile to Pakistan; and

(b) if so, whether relationship between North Korea and Pakistan is not detrimental to our interest?

THE MINISTER OF EXTERNAL AFFAIRS (SHRI JASWANT SINGH): (a) and (b) It is widely believed that North Korea has assisted Pakistan with liquid fuel long range missiles, missile technology and components and that the Chauri is a Pakistani version of the North Korean 'Nodong' missile. The government believes that continuing supply of sophisticated missiles and related technology to Pakistan poses a threat to India's security and is not conducive to maintenance of peace and stability in the region.

Creation of basic facilities for development and export of software

1588. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that Government are making efforts on creation of basic facilities for development and export of software and contributes towards achieving export targets both for software and hardware; and

(b) if so, what is the progress made under this programme and the achievements made so far?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) and (b) Yes, Sir. The Government of India has set up Ministry of Information Technology to facilitate all the initiatives in the IT Sector including implementation of comprehensive action plan to make India an IT Superpower and achieve a target of US$ 50 billion in software exports by 2008. A number of measures have been taken for the growth of IT industry. Details are enclosed in the statement. (*see* below).

The software and electronics exports during the last 3 years is as follows:—

(Rs. in crores)

	1996-97	1997-98	1998-99
Electronics/Hardware	2587	3000	1800
Software	3700	6500	10940
TOTAL	6287	9500	12740

Statement

The details of Incentives to IT Sector are as under:—

1. A Special Advance Licensing Scheme for export of Electronics products has been notified vide DGFT Public Notice No. 41(RE-98)/1997—2002 dated 16.9.98. The imports under the scheme shall precede export and the licences under the scheme shall be issued with the positive value addition. The Designated Officers of the Ministry of Information Technology (MIT) have been entrusted with the task of verifying the relevance/usability of inputs in the export product as well as the quantity required.
2. As a major step to encourage production and exports, the facility to import capital goods under the Export Promotion Capital (EPCG) Scheme at zero duty with a reduced threshold limit of Rs. 1 crore was extended to the electronics industry w.e.f. April 14, 1998. For Software sector this limit was reduced to Rs. 10 lakhs. The export obligation required to be

fulfilled is 6 times CIF value of CG on FOB basis or 5 times CIF value of CG on NFE basis, over a period of six years.

3. A separate procedure for consideration of EPCG application pertaining to the electronics and software sectors has been notified vide DGFT Public Notice No. 15(RE-98)/1997—2002 dated 8.6.98, whereby these applications are considered by the Licensing authorities on the recommendations of the Designated Officers of MIT instead of being placed before the EPCG Committee. DGFT have also issued a Public Notice No. 29(RE-98)/1997—2002 dated 1.9.99, as per which units in electronics and software sectors will have option to apply for EPCG Licence to the competent authority on the basis of self-declaration regarding the nexus between the CG to be imported with the items to be exported.

4. Foreign investment of upto 100% is permitted in units set up solely for exports. Various incentives are available for export-oriented units, which include duty free imports of capital goods, raw-materials, components and other inputs, tax holidays against export and access to the domestic market. Such units can be set up under any of the schemes, viz., Electronics Hardware Techology Park (EHTP), Software Technology Park (STP), Export Processing Zone (EPZ) and 100% Export Oriented Units (EOU). The EHTP scheme has been designed to meet the specific requirement of a globally-orinted electronics sector. Software Technology Park Scheme is an export oriented scheme for the development and export of computer software using data communication links or in the form of physical media, including export of professional services.

5. EHTP and STP schemes are implemented under the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).

6. Powers of approval of the Designated Officers of MIT for implementation of STP/EHTP schemes have been further enhanced, vide Para 9.37 of the Ministry of Commerce Handbook of Procedures (Vol. I), 1997—2002 (incorporating amendments made upto 31.3.99). They can now approve

setting up of STP/EHTP units where foreign exchange required for import of capital goods (net of taxes) is upto US$ 10 million.

7. A special stock option scheme for Indian Software Companies linked with ADR/GDR offerings by these companies, as an instrument to enable these companies to provide incentives to retain their highly skilled professionals, has been notified vide Reserve Bank of India (RBI) A.D. (M.A.) Circular No. 25 dated 7.8.98.

8. RBI has framed Guidelines dated 8.8.98 for sanction of working capital finance to information technology and software industry.

9. Government has approved setting up of a National Venture Fund for Software and IT Industry (NFSIT) with a corpus of Rs. 100 crores, out of which MIT shall contribute Rs. 30 crores.

10. Provision for issue of Sweat Equity by companies has been introduced in the Companies (Amendment) Act, 1999.

11. In the EXIM Policy, 1997—2002 (incorporating amendments made upto 31.3.99), DTA access upto 50% of the FOB value of export has been permitted for electronics hardware units under EOU/EPZ/EHTP schemes and the software units under EOU/EPZ/STP schemes. Broadbanding has been permitted in the DTA sales of Hardware manufactured by EHTP units for items covered in the Letter of Permission.

12. The procedures for operation of the units in the EHTP/EOU/EPZ/STP schemes have been simplified considerably and a number of operations have been permitted on the basis of self certification, as per Chapter 9 of Ministry of Commerce Handbook of Procedures (Vol. I), 1997—2002 (incorporating amendments made upto 31.3.99).

13. Procedure for sub-contracting of production process in DTA has been made simple for EHTP/EOU/EPZ/STP units, in terms of Department of Revenue Notification No. 4498-Customs dated 2.7.98.

14. Manufacturers-Importers of Electronics goods having investment of Rs. 3 crores and above and units in EPZs/EHTP and STP are eligible for fast-track clearance of goods imported by them vide Ministry of Finance (CBEC) Circular No. 5698 dated 3.8.98.

15. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme, as per Para 7.10 of the EXIM Policy, 1997—2002 (incorporating amendments made upto 31.3.99).

16. The Depreciation of Computers has been allowed @ 60%.

17. In the 1999-2000 Budget, Customs duty on Computers and Peripherals has been reduced from 22% to 20%. The Customs duty on all storage devices, integrated circuits and microprocessors has been made uniform at a level of 5% and Customs duty on parts of computers has been brought down from 10% to 5%. The customs duty on Data display tubes and Deflection components of colour monitors is @ 5%.

18. Information Technology Software has been exempted from Customs Duty.

19. EOU/EPZ/STP/EHTP units have been exempted from payment of Corporate Income Tax for 10 years.

20. Profits from export of computer software are eligible for Income Tax deduction in terms of Section 80 HHE of the Income Tax Act.

21. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act has been widened to include transmission of data.

22. Benefit of Section 80 HHE has been extended to supporting software developers.

23. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.

24. Computer systems have been made freely importable, vide EXIM Policy, 1997—2002, applicable w.e.f 1.4.99.

25. The donation of computers, imported duty free by EOU/EPZ/STP/EHTP units to recognised non-commercial educational

institutions, registered charitable hospitals, public libraries, public funded research and development establishments, etc., two years after their use by the said units has been permitted vide Ministry of Finance Notification No. 47/98-Customs dated 16.7.98.

26. The second-hand computers and computer peripherals donated by an outside donor to Government schools have been exempted from customs duties, vide Ministry of Finance Notification No. 18/99-Cus. dated 11.2.99.

27. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expended to include the Software and IT sectors, will henceforth not be included in computing the total income.

28. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%.

29. the expenditure incurred to make the existing computer systems Y2K compliant shall be treated as revenue expenditure and hence will be eligible for deduction in computing the income of the business.

30. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.

National Task Force on Information Technology and Software Development

1589. SHRI PARMESHWAR KUMAR AGARWALA: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that Government have appointed a National Task Force on Information Technology and Software Development